

Budget and Tax Matters

Notice of a **Public Hearing** on the Proposed Budget and Tax Rates for FY2015

The Chevy Chase Village Board of Managers will convene on **Monday, April 14, 2014 at 7:30 p.m.** to hold a **public hearing** to consider the **proposed operating and capital budget and real and personal property tax rates** for the fiscal year beginning July 1, 2014 and ending on June 30, 2015 (FY2015).

The detailed proposed budget and Capital Improvements Program (CIP) plan are available at the Chevy Chase Village Office between 9:00 a.m. and 5:00 p.m., Monday through Friday. This information can also be accessed on the Village's website at www.chevychasevillagemd.gov (under "About", "Budget and Tax Information", "Proposed FY2015 Budget & CIP") or you may submit a request for this information to be mailed to you by calling (301) 654-7300.

Board Action: Adoption of the Proposed Budget and Tax Rates for FY2015

In accordance with the Charter for Chevy Chase Village, during the Village's **Annual Meeting** scheduled for the **evening of Monday, April 21, 2014 at 7:30 p.m.** in the Village Hall, the Board of Managers will take **action to adopt the proposed operating and capital budget and real and personal property tax rates** for the fiscal year beginning July 1, 2014 and ending on June 30, 2015 (FY2015).

Enclosed in this insert you will find the following:

- Budget Overview *Page 3*
- FY2015 Proposed Operating and Capital Budget Summary *Page 4*
- FY2015 Proposed Capital Improvements Program (CIP) Summary *Page 5*

Treasurer's Comments on the Proposed FY 2015 Budget

Contained within this insert is a summary of the proposed operating and capital budgets for the fiscal year that will begin on July 1, 2014 and end on June 30, 2015 (FY 2015). An operating and capital budget along with the property tax rate for FY 2015 will be adopted by the Board of Managers at the Village's Annual Meeting on Monday, April 21, 2014. The meeting will begin at 7:30 p.m.

The Village, of course, keeps books that conform to standard accounting requirements. These requirements, however, can sometimes obscure the basic information residents want to see. Some of our revenue has associated expenses, and what we really want to know is how much we get after those expenses. And some of our spending is offset by reimbursements; again, what we really want to know is how much of our own money we're spending after those reimbursements. A modified budget showing these "net" revenues and expenses can be clearer than the more detailed one.

So we are providing both. In addition to the full operating budget and capital expenditure presentations, we are providing a one-page **Budget Overview**. The overview shows where we expect to get our money and how we plan to spend it. On that overview we have “netted out” two numbers:

- (1) The street maintenance expenditure shown is only what we will spend over and above spending for which utility companies will reimburse us,
- (2) The *SafeSpeed* revenue shown is only what remains after we pay the company that provides the *SafeSpeed* cameras.

The second reason for the **Budget Overview** page is that *SafeSpeed* revenue is often misunderstood. Even after the *SafeSpeed* vendor fees are deducted from the gross revenue, the remainder is not all available for discretionary spending. We have substantial internal expenses for the *SafeSpeed* program, mostly for the cost of police and administration personnel who spend part or all of their time on administering the program. To make this easier to see we have provided a single line for *SafeSpeed* operating expenses, then on the lines for Police and for General Administration we have shown only the amounts beyond what was allocated to *SafeSpeed*.

For every revenue or expense item in the **Budget Overview** we have shown the proposed amount for FY 2015, the percentage change from our current projections for FY 2014, and in some cases a comment about the reason for the change from 2014.

The proposed budget generally reflects a “business as usual” approach to governmental services and operations with no major planned operational changes, and reflects a continued Capital Improvement Program for maintaining Village vehicles and equipment and improvements to the Village’s infrastructure. Most of the planned spending increase over last year comes from three one-year capital expense items: we plan to contribute 25% of the development cost for the new Western Grove park (the remainder comes from Montgomery County), the Village Hall needs substantial roof work, and we have planned for replacing all our street lights with LED lights, although the decision to move forward with this will depend on the outcome of a test period that’s currently underway.

We are fortunate enough to have accumulated a substantial reserve in past years when tax receipts were unusually high. There is general agreement on the Board and in the Budget Committee that we would start to get uncomfortable with a reserve level of less than \$3 million. Some reserve is needed to handle the uneven cash flow that comes from tax receipt timing, and it’s prudent to have enough reserve to handle an unusual weather event or other unexpected need for cash. But as the overview shows, we expect to have twice that amount at the end of FY 2015, even after planning for a draw on reserves. The proposed budget includes a reduction in the property tax rate intended to keep our reserves at a reasonable level.

Respectfully submitted,

Gary Crockett
Board Member and Treasurer

Budget Overview

	Proposed FY 2015 Budget	Difference from Projected FY 2014	<u>Comments</u>
PROJECTED SOURCES OF FUNDS			
Income Tax	2,600,000	-2%	Basically the same figure except rounded down to be conservative.
Property Tax	940,500	-13%	The Board is proposing a \$150,000 reduction in the projected Real Property Tax revenue.
Other	454,212	+2%	
<i>SafeSpeed</i> (net of vendor contract expense)	603,500	-11%	Assuming continued driver "learning curve" on number of issued citations.
Total Projected Funds (net)	4,598,212	-6%	
PLANNED USES OF FUNDS			
Police (net of <i>SafeSpeed</i>)	789,000	+3%	Due to normal personnel cost increases partially offset by lower operations costs.
<i>SafeSpeed</i> Operating Expenses (net of vendor)	572,347	+2%	
Communications	345,266	+1%	
Public Works	879,460	+3%	
General Government (net of <i>SafeSpeed</i>)	721,395	+10%	Due to filling a previously vacant permanent position and normal annual personnel cost increases.
Legal Services	100,000	+50%	Reflects anticipated usage of legal services for various matters.
Village Hall	88,325	-7%	Lower due to a one-time payment pursuant to Post
Parks, Trees & Greenspace	195,320	+3%	New infrastructure maintenance program: contract
Street Light Operating Expenses	42,500	0%	
Misc. Capital Equipment Purchases & Projects	299,000	+58%	Due to increase in Capital Equipment purchases and traffic & park hydrology engineering studies.
Street Maintenance (net of WSSC)	200,000	+5%	
Village-Wide Sidewalk Replacement Project	140,000	-62%	Final year of a multi-year capital project, with fewer areas in need of replacement in this final year.
Street Light Upgrades	289,000	N/A	Conversion to LED streetlights subject to approval pending the current pilot program.
Western Grove Park Development	250,000	N/A	Village's contribution toward the development of the Western Grove Urban Park.
Village Hall Repairs	200,000	N/A	Series of structural repairs to the Village Hall, including a roof replacement.
Brookville Road Sidewalk Maintenance	150,000	N/A	New project to fortify the Brookville Road sidewalk.
Total Planned Expenditures (net)	5,261,613	+22%	
Planned Draw on Reserves:	(663,401)		
Planned Reserves Remaining:	6,107,265		

**General Funds and SafeSpeed Budgets
Proposed**

I. Revenue			FY2015
Income Tax			2,600,000
Property Tax			940,500
Investments & Misc. Income			44,701
Cost Recoveries/Grants			409,511
Citation Revenue			1,392,500
WSSC/Washington Gas Revenue			280,000
Total Revenue			5,667,212
II. Costs			
A. On-going Programs	Personnel	Operations	Total
<u>Department Services</u>			
Police	1,242,427	865,920	2,108,347
Communications	325,346	19,920	345,266
Public Works	570,560	308,900	879,460
General Government	616,355	147,040	763,395
Legal Counsel-General		100,000	100,000
<u>Facilities, Fleet, & Infrastructure</u>			
Village Hall		88,325	88,325
Parks, Trees, & Greenspace		195,320	195,320
Lights		42,500	42,500
Subtotal	2,754,688	1,767,925	4,522,613
Surplus/Deficit			1,144,599
B. Capital Projects			
<u>Equipment</u>			
Public Works Equipment			21,000
Crime Fighting Technology			20,000
General Government Vehicle			40,000
Police Vehicle			40,000
General Government Equipment			3,500
Recycling Bins			36,000
<u>Projects</u>			
Sidewalk Maintenance			3,500
Street Maintenance			480,000
Village-Wide Sidewalk Replacement			140,000
Street Light Upgrades			289,000
Western Grove Park			250,000
Laurel Park and W. Kirke Intersection Study			50,000
Laurel Park Hydrology Study			75,000
Village Hall Repairs			200,000
Street Signage			10,000
Brookville Road Sidewalk Maintenance			150,000
Subtotal			1,808,000
Total Costs			6,330,613
III. Budgeted Deficit/Draw on Reserves			(663,401)

Capital Improvements Program (CIP) and Special Projects
(Shown in thousands)

Equipment	Proposed FY2015	Total 6 Yr. Cost	Equipment/Project Description
In-car Police Radio Replacement	\$35	\$35	Replacement is required due to technology advancements. The lifespan of the radios is approximately 10 years.
Replacement of Administrative Vehicle	40	40	The replacement of the Village's administrative vehicle. This vehicle has also been commissioned as an alternative police response vehicle.
Replacement Dump Truck Beds (2)	15	15	Current truck beds have severe corrosion and need to be replaced. The new beds will be coated with an epoxy liner to prevent rust and corrosion.
Replacement Salt Spreader	6	6	Replacement is required due to increasing reliability issues and structural issues that are unrepairable.
Replacement Police Cruiser	40	166	The replacement of one of the Village's three (3) police cruisers is required to support continued Village Police Department operations. The cruiser being replaced is having significant mechanical issues.
Replacement Recycling Bins	36	36	Replacement recycling bins would be a "toter" style wheeled bin with an attached lid. The new bins will have a 64-gallon capacity to promote increased household recycling.
Tuohey Conference Room Sound Improvements	3.5	3.5	This project would install sound dampening along the walls of the west side of the space to lessen the room's echo.
Sub-Total	\$175.5	\$301.5	

Projects	Proposed FY2015	Total 6 Yr. Cost	Equipment/Project Description
Street Maintenance and Repair Program	\$480*	\$1,040*	This project provides for the ongoing maintenance and repair of the Village's roadways and curbs using concrete and hot mix asphalt. This funding level anticipates repaving each Village street every 20-years.
Village Sidewalk Replacement	140	140	The FY2015 amount will permit replacement of the remaining sidewalks in the Village, subject to Board approval.
Sidewalk Maintenance Program	3.5	21	This amount will cover materials cost for ongoing sidewalk repair performed by Public Works personnel.
Village-wide Streetlight Upgrade	289	319	FY2015 amount represents funds to install new LED street lights to replace existing High Pressure Sodium bulb streetlights throughout the Village, pending the results of the Village pilot program.
Public Safety Technology	20	120	These amounts are included to permit exploration of options to introduce new public safety equipment as new technologies develop.
Western Grove Park Development	250	250	Cost-sharing between the Village and the M-NCPPC for the development of the park.
West Kirke St. and Laurel Pkwy. Intersection Improvements	50	125	Project will study the traffic flow and intersection at Connecticut Avenue, Laurel Parkway and West Kirke Street for potential traffic flow and safety improvements.
Laurel Park Hydrology and Engineering Study	75	75	This project will study the water runoff and flow through Laurel Park and the existing "rain garden" located at the south end of Laurel Park.
Village Hall Repairs	200	200	This project will address several maintenance needs throughout the Village Hall and office. Including roof repairs, painting and gutter replacement.
Chevy Chase Village Signage	10	50	Project will replace all street name signs and design and determine a location(s) for welcome signage for throughout the Village.
Brookville Road Sidewalk Maintenance	150	150	This project will address several maintenance needs required for the Brookville Road sidewalk to replenish washed out gravel.
Sub-Total	\$1,667.5*	\$2,490*	
Grand Total	\$1,843*	\$2,791.5*	

**The Village has the option to require WSSC and Washington Gas to restore streets following their water and gas main replacements or to receive a payment for doing it itself. Estimated WSSC and Washington Gas reimbursements are \$300K.*